I T

P R O J E C T

E V A L U A T I O N

Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL
Date: 06/07/01

Agency Name: INSPECTIONS & APPEALS

Project Name: Quarterly Gambling Reports

Expenditure Name: Social and Charitable Gambling

Agency Manager: Deb Anderson

Agency Manager Phone Number / E-mail: 515-281-7357 / danderson@dia.state.ia.us

Executive Sponsor (Agency Director or Designee): Tim McLaughlin

Request For ROI Application Waiver:
Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale
Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☐**YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure required by State statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Does this project or expenditure meet a health, safety or security requirement?
☐**YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☐ **YES** (If "YES," explain)   ☒ **NO**

> **Explanation:**

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain)   ☐ **NO**

> **Explanation:** This project is consistent with the Governor's goal of 100% E by 2003.

Is this a "research and development" project or expenditure?   ☐ **YES** (If "YES," explain)   ☒ **NO**

> **Explanation:**

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) <u>and</u> a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

> **Response:**
> Pre-project -- Currently, the department uses a dot matrix printer to print quarterly reports on a triplicate form and contracts with a mailing service to rip, burst, fold, stuff, and mail the reports and return envelopes to approximately 1,600 licensees each quarter. The applicant completes the form and mails back one copy to the Department of Inspections and Appeals (DIA) and one copy to the Department of Revenue and Finance along with a check to pay sales tax on gambling proceeds. Licensees are asked to perform mathematical calculations in completing their reports, and licensees frequently make errors. The DIA enters whatever information is received, even if erroneous, into an Access database. If licensees mistakenly send their sales tax checks and sales tax reports to the DIA, the DIA mails the information to the Department of Revenue and Finance. If licensees fail to submit their quarterly reports, the department issues delinquent notices and mails the notice along with new copies of the report form and return envelopes.
> Post-project -- Under the proposed system, a licensee could complete and submit an electronic copy of the quarterly report and pay sales tax via credit card. The electronic report could perform the mathematical calculations automatically and prompt licensees to correctly complete the form. Licensees' information could then be automatically entered into the DIA database, eliminating the need for the department to perform data entry. The information provided by licensees would be automatically directed to the relevant state department. The proposed system could use e-mail addresses to automatically remind licensees to submit their reports and to inform them of reporting delinquencies.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

> **Response:** The project would allow an expedited quarterly reporting process and reduce the government hassle factor.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: The project would reduce the amount of paperwork passing between the department and licensees. The project would also reduce the number of follow-up contacts the department makes to obtain the required information. This would make it easier and more efficient to apply for and approve licenses.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. <u>Project Executive Sponsor Responsibilities</u>: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

   Response: No response required.

2. <u>Organization Skills</u>:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

   > **Response:**
   > a. Familiarity with the program needs and software development processes.
   > b. Program staff are very familiar with the program requirements.
   > c. Information Technology Department
   > d. The program has successfully worked with a private contractor to develop the Social and Charitable Gambling Database and electronic file storage.

B. Project Information

1. <u>History</u>:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

   > Response:
   > a. This project is not part of a future project.
   > b. This project is not a continuation of a previously begun project.

2. <u>Expectations</u>: Describe the primary purpose or reason for the project.

   > **Response:** Electronic filing of quarterly gambling reports and payment of sales tax on gambling proceeds. Currently the department mails out quarterly reports to approximately 1600 licensees every 3 months. The licensees must complete the reports, return one copy to Inspections and Appeals and another copy along with a check to the Department of Revenue and Finance.

3. <u>Measures</u>: Describe the criteria that will be used to determine if the project is successful.

   > **Response:** Reduced data entry, reduced reporting delinquencies, reduced printing and mailing expenditures.

4. <u>Environment</u>: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: The Department of Inspections and Appeals Social and Charitable Gambling program, the Department of Revenue and Finance, and gambling licensees.

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: Many of the department's gambling licensees are unfamiliar or uncomfortable with information technology advancements and may be unwilling to transmit information electronically; Some of the material required to be submitted with an application would be difficult to transmit electronically (i.e., licensees are requested to submit accounting records with their reports.)

6. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response:
a. The system must be capable of receiving confidential information such as Social Security numbers and processing credit card transactions.
b. These security requirements must be initiated when an attempt to transmit a completed license occurs. Specifications of the development contract will require that the contractor test the security once the application is developed.
c. These requirements will be included in the original request for proposal.

7. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: This project should be completed within six months of initation. The project will begin July 1, 2003. The project will be divided into Architecture/design (due 7/19), Detailed design (due 8/25), Code/debug (due 10/9), Unit test (due 11/15), Integration (due 12/12), and System test (due 12/31). The contractor will be responsible for provision of all development resources and the department will provide programmatic support.

SECTION III: TECHNOLOGY **(In written detail, describe the following)**

A. Current Technology Environment
    1. Software (Client Side / Server Side / Midrange / Mainframe):
      a. Application software
      b. Operating system software
      c. Major interfaces to other systems, both internal and external

> **Response:**
> a. MicroSoft Access 97 for the database and Canofile is used to store scanned document images.
> b. The PC operating system is MS Windows 98, the network operating system is Novell Netware 5.1
> c. The system does not interface with other systems.

    2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
      a. Platform, operating system
      b. Storage and physical environment
      c. Connectivity and bandwidth
      d. Logical and physical connectivity
      e. Major interfaces to other systems, both internal and external

> **Response:**
> a. MS Windows 98
> b. Desktop PCs are utilized for the application with storage on network servers in an equipment closet on another floor of the Lucas Building.
> c. No connection or ability for external user to connect to our systems. 100 Megabit bandwidth.
> d. No connection or ability for external user to connect to our systems.
> e. The system does not interface with other systems.

B. Proposed Technology Environment

    1. Software (Client Side / Server side / Mid-range / Mainframe)
      a. Application software
      b. Operating system software
      c. Major interfaces to other systems, both internal and external
      d. General parameters if specific parameters are unknown or to be determined

> **Response:**
> a. Current MS Windows product
> b. Current Novell Netware
> c. The system could benefit from interfaces with the Department of Revenue and Finance.
> d. The ability to interface with products being used by the agency identified in item c.

    2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
      a. Platform, operating system
      b. Storage and physical environment
      c. Connectivity and Bandwidth

d. Logical and physical connectivity
e. Major interfaces to other systems, both internal and external
f. General parameters if specific parameters are unknown or to be determined

> **Response:**
> a. State owned web server.
> b. State owned server located in ITD accessible to outside personnel via the Internet.
> c. Client side/standard Internet connectivity.
> d. Server to DIA/100 Megabit connection via campus backbone.
> e. Interface to DIA Access databases (Social and Charitable Gambling via DIA initiated download)
> f. System would allow complete input of quarterly gambling reports to a holding area for review prior to entry into the master database.

C. Data Elements
If the project creates a new database, provide a description of the data elements.

> **Response:** The project would add information to an existing database.

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right) \times \%\ State\ Share\right] + \left(Annual\ Ongoing\ Cost \times \%\ State\ Share\right) = Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$ 10,000	3	100%	$ 0	100%	$ 3,333
Software	$ 0	4	100%	$ 0	100%	$ 0
Hardware	$ 3,000	3	100%	$ 1,000	100%	$ 2,000
Training	$ 1,000	4	100%	$ 250	100%	$ 500
Facilities	$ 0	1	100%	$ 0	100%	$ 0
Professional Services	$ 10,000	4	100%	$ 2,000	100%	$ 4,500

ITD Services	$ 3,000		4	100%	$ 3,000	100%	$ 3,750
Supplies, Maint, etc.	$ 0		1	100%	$ 0	100%	$ 0
Other (Specify)	$ 0		1	100%	$ 0	100%	$ 0
Totals	$ 27,000		-------	-------	$ 6,250	------	$ 14,083

Transfer this amount to the ROI Financial Worksheet, item "D" on page 13.
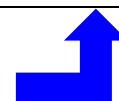
B. Funding: **Enter data or provide response as requested**

1. This is (pick one): ☒ A Pooled Technology Fund or Reengineering Fund Request
☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$ 10,000	37%	$	%	$	%
Pooled Tech. Fund	$ 17,000	63%	$	%	$	%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$ 27,000	100%	$	%	$	%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

> **Response:** No prior year funding.

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be <u>absorbed</u> by your agency from normal operating budgets (all funding sources)?

> **Response:** $10,000/37%

2. Identify, list, and quantify all <u>new annual ongoing</u> (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

> **Response:** Hardware upgrade ($3,000), Training ($500), Professional Services ($2,000), ITD Services ($3,000)

C. ROI Financial Worksheet: **Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:**

1. Annual Pre-Project Cost – Quantify all <u>actual</u> state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process <u>prior to</u> project implementation. This section should be completed only if state government <u>operations</u> costs are expected to be reduced as a result of project implementation.

Response: $114,000 total: $97,000 personnel costs and $17,000 support costs, including $5,200 for estimated annual report mailing costs and $1,200 for annual communication costs.

2.   Annual Post-Project Cost – Quantify all <u>estimated</u> State government direct and indirect costs associated with activity, system or process <u>after</u> project implementation. This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

Response: $110,900 total: $97,000 personnel costs and $13,900 support costs, including $2,700 for estimated annual report mailing costs and $600 for annual communication costs.

3.   State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

Response: Cost savings of $3,100 due to reduced mailing and communication expenditures.

4.   Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: $3,000 -- a cost savings of $1.00 per licensee for mailing and related costs.

5.   Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual <u>non-operations </u>benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: $0, only clear issue is avoiding the consequences of not complying with enterprise technology standards.

6.   Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: $6,100: Annual cost savings of $3,100 plus $3,000 reduced citizen postage expenditures.

7.   Total Annual Project Cost – It is necessary to <u>estimate and assign</u> a useful life figure to <u>each</u> cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary

between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all <u>new</u> annual ongoing costs that are project related. Completing <u>Section IV-A, Project Budget</u> of the evaluation document will provide all the necessary information for this item.

> **Response:** $14,083

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

> **Response:** $6,100 / $14,083 = 0.43

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

> **Response: -**.47

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

> **Response:** Reducing the government hassle factor (7).

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	$97,000
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$17,000
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$114,000

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	$97,000
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$13,900
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$ 110,900
State Government Benefit (= A-B):	$3,100

Annual Benefit Summary

State Government Benefit:	$3,100
Citizen Benefit:	$3,000
Opportunity Value or Risk/Loss Avoidance Benefit:	$0
C. Total Annual Project Benefit:	$6,100
D. Annual Prorated Cost (SECTION IV-A):	$ 14,083
Benefit / Cost Ratio: (C / D) =	0.43
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	-47%

☒ **Benefits Not Readily Quantifiable**

Section V: ITC Project Evaluation Criteria

<div style="writing-mode: vertical">I T P R O J E C T E V A L U A T I O N</div>

Criteria and Location in Project Evaluation Document	Points
1. Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2. Will the project improve customer service? **Location: Section I-B.2**	**15**
3. Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4. Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5. Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6. Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7. Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8. Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9. Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10. What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
Total	**100**